

## FISCAL NOTE

### SB 2296 - HB 2671

February 18, 2002

**SUMMARY OF BILL:** Changes the student membership data that is used for calculating the Basic Education Program (BEP) funding from **prior** year average daily membership to **current** year average daily membership.

### ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - Exceeds \$4,000,000 One-Time**

**Increase Local Govt. Expenditures\* - Exceeds \$1,000,000 One-Time**

**Increase Local Govt. Revenues - Exceeds \$4,000,000 One-Time**

This bill will provide funding for local education agencies (LEAs) based on the number of students that are currently enrolled instead of on prior year enrollment. However, depending on the definition of current enrollment and which membership periods are selected for funding, it could be as late as January before school systems would know their actual current year state funding. The Department of Education currently notifies school systems in July as to their funding for the current year. The fiscal impact was estimated by calculating the BEP formula for the 2000-01 year using the current year first three months average daily membership (ADM).

Since final student counts for LEAs are not available until the end of the school year, implementation of this bill would require either:

1. Payments be made to LEAs based on partial-year student counts, in which case LEAs may find themselves receiving windfalls or bills for repayment at the end of the school year, depending on how final average student counts compare to preliminary counts during the year, or
2. Funds be paid at the end of the school year once all student counts have been verified.

*\*Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

### CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

**SB 2296 - HB 2671**